



**Auditor of State
Betty Montgomery**

**MOUND HILL UNION CEMETERY
MEDINA COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Mound Hill Union Cemetery
Medina County
4097 Blake Road
Seville, Ohio 44273

To the Board of Trustees:

We have audited the accompanying financial statements of Mound Hill Union Cemetery, Medina County, (the Cemetery) as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Cemetery's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Cemetery prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Cemetery as of December 31, 2002 and 2001, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2003 on our consideration of the Cemetery's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Mound Hill Union Cemetery
Medina County
Independent Accountants' Report
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This report is intended solely for the information and use of management and the Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

March 14, 2003

**MOUND HILL UNION CEMETERY
MEDINA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

	2002	2001
Cash Receipts:		
Intergovernmental	\$11,000	\$8,400
Charges for Services	19,767	14,817
Interest	1,528	3,459
Donations		1,000
Miscellaneous		717
	<u>32,295</u>	<u>28,393</u>
Cash Disbursements:		
Current:		
Salaries	774	752
Supplies	710	1,177
Contracts - Services	10,593	13,259
Public Employees' Retirement and Medicare	213	187
Workers' Compensation	269	1,010
Site Improvement	5,258	2,119
Miscellaneous	1,411	3,855
Equipment	1,566	5,629
	<u>20,794</u>	<u>27,988</u>
Total Cash Disbursements	<u>20,794</u>	<u>27,988</u>
Total Cash Receipts Over Cash Disbursements	<u>11,501</u>	<u>405</u>
Other Financing Receipts (Disbursements):		
Proceeds from Sale of Fixed Assets	<u>0</u>	<u>1,600</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	11,501	2,005
Fund Cash Balances, January 1	<u>84,321</u>	<u>82,316</u>
Fund Cash Balances, December 31	<u>\$95,822</u>	<u>\$84,321</u>

The notes to the financial statements are an integral part of this statement.

**MOUND HILL UNION CEMETERY
MEDINA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - NONEXPENDABLE TRUST FUND
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

	<u>2002</u>	<u>2001</u>
Operating Cash Receipts	\$441	\$742
Operating Cash Disbursements		
Maintenance	<u>441</u>	<u>742</u>
Operating Income	<u>0</u>	<u>0</u>
Fund Cash Balances, January 1	<u>13,935</u>	<u>13,935</u>
Fund Cash Balances, December 31	<u><u>\$13,935</u></u>	<u><u>\$13,935</u></u>

The notes to the financial statements are an integral part of this statement.

**MOUND HILL UNION CEMETERY
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Mound Hill Union Cemetery, Medina County, (the Cemetery) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Cemetery is directed by an appointed three-member Board of Trustees. The Board is appointed by the Village of Seville and Guilford Township. Guilford Township also provides funding to meet the Cemetery's operating costs under the agreement which established the Cemetery. The accompanying financial statements present this funding as Intergovernmental Receipts. The Cemetery provides grounds maintenance, opening and closing of graves, and the sale of grave lots

The Cemetery's management believes these financial statements present all activities for which the Cemetery is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash

Certificates of deposit are valued at cost.

D. Fund Accounting

The Cemetery uses fund accounting to segregate cash and investments that are restricted as to use. The Cemetery classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Fiduciary Fund (Trust Fund)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Cemetery to maintain the corpus of the trust, the fund is classified as a Nonexpendable Trust Fund. The Cemetery's only fiduciary fund is the Nonexpendable Trust Fund which is used to account for interest from fund investments. Interest is used for cemetery maintenance.

**MOUND HILL UNION CEMETERY
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Revised Code does not require the Union Cemetery to comply with budgetary procedures described therein. However, the Cemetery internally appropriates its expenditures for each fund annually.

1. Appropriations

Expenditures may not exceed appropriations at the fund, function or object level of control. The Board annually approves appropriation measures and subsequent amendments.

2. Estimated Resources

The Cemetery does not prepare a budget of cash on hand and to be received. However, estimated receipts are considered when preparing appropriations.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as equipment disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

2. EQUITY IN POOLED CASH

The Cemetery maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 follows:

	2002	2001
Demand deposits	\$8,822	\$11,321
Certificates of deposit	100,935	86,935
Total deposits	\$109,757	\$98,256

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

**MOUND HILL UNION CEMETERY
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$30,000	\$20,794	\$9,206

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$37,500	\$27,988	(\$9,512)

4. RETIREMENT SYSTEM

The Cemetery's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, OPERS employee members contributed 8.5% of their gross salaries. The Cemetery contributed an amount equal to 13.55% of participants' gross salaries. The Cemetery has paid all contributions required through December 31, 2002.

5. RISK MANAGEMENT

Commercial Insurance

The Cemetery has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Mound Hill Union Cemetery
Medina County
4097 Blake Road
Seville, Ohio 44273

To the Board of Trustees:

We have audited the accompanying financial statements of Mound Hill Union Cemetery, Medina County, (the Cemetery) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated March 14, 2003. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Cemetery's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Cemetery's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Cemetery's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 2002-30952-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

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Mound Hill Union Cemetery
Medina County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Cemetery in a separate letter dated March 14, 2003.

This report is intended solely for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

March 14, 2003

**MOUND HILL UNION CEMETERY
MEDINA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Reportable Condition

FINDING NUMBER 2002-30952-001

Charges for Services

While testing Charges for Services, we noted the following:

- Foundation fees are currently charged by the Cemetery using a base rate applied to a measure of the foundation's square footage. However, for 10 out of 54 receipts in 2002 and 5 out of 57 receipts in 2001, the Foundation fee amount charged was not supported by documentation to evidence the incremental measure of square footage used toward the assessment of the fee charged.
- The Cemetery prepares a purchase agreement and issues a new deed upon transfer of title. However, in 1 instance out of 57, the underlying purchase agreement and a new deed could not be located to support the transfer of title.
- The purchase agreement for the sale of a deed states the patron of the transaction is to receive the deed to the lot within 30 days of the receipt of final payment by the Cemetery. However, for 10 out of 20 deeds issued in 2002 and 11 out of 17 deeds issued 2001, the deed was not completed for issuance within 30 days of receipt by the Cemetery of final payment toward the corresponding purchase agreement.
- The Cemetery prepares a purchase agreement at the onset of a burial plot sales transaction, which is followed by the receipt of payments thereon by the Cemetery. However, in 1 instance out of 37, the purchase agreement was prepared subsequent to receipt of final payment.
- Purchase agreements for the sale of cemetery lots are not pre-numbered.
- The Cemetery Sexton, who is hired as an independent contractor, occasionally collects payments for cemetery lot sales. The Cemetery Sexton's contract states that he will show and sell cemetery plots and maintain burial records for the Board at his own risk. The contract descriptions do not state the duties of the Cemetery Sexton as they specifically relate to the financial functions of the Cemetery; including the process of selling plots, the identification and maintenance of records prepared.

To improve the receipting process, the Cemetery should:

- Maintain documentation to support the assessment of foundation fees.
- Prepare and maintain documentation, such as the purchase agreement and new deed, to support the transfer of deed title.
- Prepare deeds within the time specified by agreement, or restate the Cemetery purchase agreements utilized in burial plot sales transactions to reflect the Cemetery's current practice of the preparation of deeds.
- Complete a purchase agreement prior to the acceptance and collection of payments by the Cemetery for a burial plot, to properly reflect the underlying nature of and commitment to the transaction.
- Utilize pre-numbered purchase agreements and deeds and maintain in numerical sequence.
- Review the Cemetery Sexton's contract and duties. If the Sexton is to have responsibility for financial functions, the contract should more clearly define the Sexton's responsibilities regarding financial functions and records.

**MOUND HILL UNION CEMETERY
MEDINA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-30952-001	Charges for Service	No	Partially Corrected. See Finding Number 2002-30952-001.



**Auditor of State
Betty Montgomery**

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MOUND HILL UNION CEMETERY

MEDINA COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 8, 2003**